

Summary of Water Supply Development Fund ([A.R.S. Title 49, Chapter 8, Article 3](#)).

- The Water Supply Development Revolving Fund was established by the Legislature in 2007 to provide financial assistance to water providers, particularly in rural areas, that lack access to sufficient water supplies to meet their long-term water demands for the purposes of constructing water supply projects and obtaining additional water supplies (A.R.S. § 49-1271).
- The Fund is administered by the Arizona Finance Authority's Water Infrastructure Finance Authority
- Monies in the Water Supply Development Revolving Fund may be used for loans or grants to water providers in Arizona for water supply development projects.

Definitions ([A.R.S. Title 49, Chapter 8, Section 49-1201](#))

In this chapter, unless the context otherwise requires:

13. "Water provider" means any of the following:

- (a) A municipal water delivery system as defined in section 42-5301
- (b) A county water augmentation authority established under title 45, chapter 11.
- (c) A county water authority established under title 45, chapter 13.
- (d) An Indian tribe
- (e) A community facilities district as established by title 48, chapter 4
- (f) A public water system as prescribed in Section 49-352
- (g) A county with a population of less than three hundred thousand persons
- (h) A natural resource conservation district
- (i) For purposes of funding from the water supply development revolving fund pursuant to article 3 of this chapter only, a county that enters into an intergovernmental agreement or other formal written agreement with a city, town or other water provider regarding a water supply development project.

14. "Water supply development" means either of the following:

- (a) Acquiring water or rights to or contracts for water to augment the water supply of a water provider, including any environmental or other reviews, permits or plans reasonably necessary for that acquisition.
- (b) Planning, designing, building or developing facilities, including any environmental or other reviews, permits or plans reasonably necessary for those facilities, for any of the following purposes:
 - (i) Conveyance, storage or recovery of water.
 - (ii) Reclamation and reuse of water.
 - (iii) Replenishment of groundwater.

(iv) Active or passive stormwater recharge structure that increase water supplies

Purposes and Limitations (A.R.S. Title 49, Chapter 8, Section 49-1273) of Fund

A. Monies in the water supply development revolving fund may be used for the following purposes:

1. Making water supply development loans to water providers in this state under section 49-1274 for water supply development purposes.
2. Making loans or grants to water providers for the planning or design of water supply development projects. A single grant shall not exceed \$250,00.
3. Purchasing or refinancing debt obligations of water providers at or below market rate if the debt obligation was issued for a water supply development purpose.
4. Providing financial assistance to water providers with bonding authority to purchase insurance for local bond obligations incurred by them for water supply development purposes.
5. Paying the costs to administer the fund.
6. Providing linked deposit guarantees through third party lenders by depositing monies with the lender on the condition that the lender make a loan on terms approved by the committee, at a rate of return on the deposit approved by the committee and the state treasurer and by giving the lender recourse against the deposit of loan repayments that are not made when due.

B. If the monies pledged to secure water supply development bonds issued pursuant to section 49-1278 become insufficient to pay the principal and interest on the water supply development bonds guaranteed by the water supply development revolving fund, the authority shall direct the state treasurer to liquidate securities in the fund as may be necessary and shall apply those proceeds to make current all payments then due on the bonds. The state treasurer shall immediately notify the attorney general and auditor general of the insufficiency. The auditor general shall audit the circumstances surrounding the depletion of the fund and report the findings to the attorney general. The attorney general shall conduct an investigation and report those findings to the governor and the legislature.

C. Monies in the water supply development revolving fund shall not be used to provide financial assistance to a water provider, other than an Indian tribe, unless one of the following applies:

1. The board of supervisors of the county in which the water provider is located has adopted the provision authorized by section 11-823, subsection A.
2. The water provider is located in a city or town and the legislative body of the city or town has enacted the ordinance authorized by section 9-463.01, subsection O.
3. The water provider is located in an active management area established pursuant to title 45, chapter 2, article 2.
4. The water provider is located outside of an active management area and either of the following applies:

(a) The director of water resources has designated the water provider as having an adequate water supply pursuant to section 45-108.

(b) The water provider will use the financial assistance for a water supply development project and the director of water resources has determined pursuant to section 45-108 that there is an adequate water supply for all subdivided land that will be served by the project and for which a public report was issued after July 24, 2014

5. The water provider is located in a county with a population of less than one million give hundred thousand persons